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**Woman Convicted of Embezzling More Than  
\$910,000 In Computer Fraud Scheme**

SACRAMENTO – United States Attorney McGregor W. Scott announced today that GAIL S. JONES, 64, of Citrus Heights, pled guilty to six counts of Fraud and Related Activity in Connection with Computers, in violation of 18 U.S.C. § 1030(a)(4), for embezzling funds from accounts she managed for her employer, the California State Employees Association (CSEA). While a complete audit is still pending, investigators have determined to date that more than 200 checks were converted to Jones' personal use, totaling approximately \$910,422 during the period from approximately 1997 to June 2003.

According to court documents, the embezzlement scheme was discovered after Jones retired from nearly ten years of employment with CSEA on June 1, 2003. As a Program Specialist in CSEA's Accounting department, Jones' responsibilities included cash management, investments, and bank reconciliations. Jones managed two specific accounts, including the Association of California State Supervisors, Inc. (ACSS) account and the California State Employees Members Action Committee (CMAC) account.

Court documents noted that in committing the fraud scheme, Jones altered CSEA computer and office records to reflect falsely that certain checks had been used for legitimate office-related expenses and to conceal the embezzlement of the CSEA funds. For example, investigators learned that Jones used the CSEA computer system to print her name in the "pay to the order" section. On the computerized check ledger, Jones then changed the "pay to the order of" section to "void" for the ACSS account checks and to "CSEA" for the CMAC account. Jones also manipulated the monthly bank reconciliation reports to conceal the fact that the checks she created were issued in her name and paid by the bank. Jones deposited the checks and funds into her bank accounts to use the proceeds for her personal use. After she deposited the checks and the hard copy of the checks were returned to CSEA, Jones destroyed the fraudulent checks she created and some bank statement pages. Consequently, based on the computer accounting entries made by Jones, and with the hard copies of the transactions destroyed, anyone reviewing the computer accounting entries would not know that Jones had misappropriated the CSEA funds.

In addition to bank transaction records, for three of the charges investigators obtained

bank ATM video tape which confirmed Jones deposited the listed checks into her bank account. Jones was captured on the ATM video tape for the following transactions: April 8, 2003 at 4:17 p.m. for a \$3,144.56 deposit; April 25, 2003 at 10:23 a.m. for a \$4,589.00 deposit; and April 28, 2003 at 3:02 p.m. for a \$5,000.00 deposit.

According to the plea agreement, on July 22, 2003, in a voluntary statement with law enforcement officials, Jones admitted that she had embezzled funds from CSEA. Jones stated that she misappropriated the CSEA funds to support her gambling habit and that she had gambled all the money away. Jones said she kept writing the fraudulent checks because she hoped she could win the money back, and had hoped she could return the misappropriated funds to the CSEA accounts.

According to Assistant U.S. Attorney Mark L. Krotoski, who is prosecuting the case, Jones faces a maximum term of imprisonment on each count of five years; a three-year term of supervised release; a fine of \$250,000; and a special assessment of \$100. However, any sentence following conviction would be determined under the Federal Sentencing Guidelines, which take into account a number of factors, and would be imposed in the discretion of the Court.

Sentencing before U.S. District Court Judge Garland E. Burrell, Jr. was scheduled for October 17, 2003.

The case was investigated by the Sacramento Police Department and the Federal Bureau of Investigation, Sacramento Office.

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